



City of Campbell River
Statement of Financial Information (SOFI)
For the Year Ended December 31, 2018

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

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STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

MANAGEMENT REPORT

Prepared under the Financial Information Regulation, Schedule 1, section 9

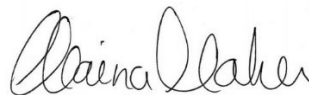
The Financial Statements contained in this Statement of Financial Information under the **Financial Information Act** have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The external auditors, MNP LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the *Act*. Their examination includes a review and evaluation of the municipality's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to Council.

On behalf of the City of Campbell River



Alaina Maher, CPA, CMA
Finance Manager



Ron Bowles
Chief Financial Officer

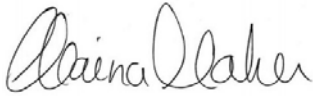
STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

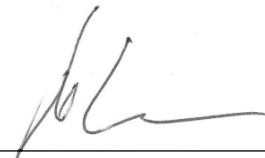
For the Year Ended December 31, 2018

STATEMENT OF FINANCIAL INFORMATION APPROVAL

The undersigned, as authorized by the **Financial Information Regulation**, Schedule 1, subsection 9 (2), approves all the statements and schedules, included in this Statement of Financial Information, produced under the **Financial Information Act**.



Alaina Maher, CPA, CMA
Finance Manager



Ron Kerr
Acting Mayor



Ron Bowles
Chief Financial Officer

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

SCHEDULE SHOWING THE REMUNERATION IN RESPECT OF EACH EMPLOYEE

Prepared Under the Financial Information Regulation, Schedule 1, Section 6

Elected Officials	Position	Remuneration		Expenses	
ADAMS, ANDREW	Mayor	\$	64,433	\$	7,087
BABCHUK, MICHELE	Councillor		23,650		7,345
CORNFIELD, CHARLES	Councillor		23,650		12,235
DAHL, KERMIT	Councillor		2,904		1,445
EVANS, COLLEEN	Councillor		23,650		4,354
KERR, RON	Councillor		23,650		2,699
MOGLVE, CLAIRE	Councillor		2,477		395
SAMSON, LARRY	Councillor		20,746		530
WRIGHT, MARLENE	Councillor		20,021		2,934
		\$	205,182	\$	39,024

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

SCHEDULE SHOWING THE REMUNERATION IN RESPECT OF EACH EMPLOYEE*Prepared Under the Financial Information Regulation, Schedule 1, Section 6*

Employees	Position	Remuneration		Expenses
AMES, MURRAY	Electrician/Operator	\$	78,565	\$ 1,949
ANDERSON, CAROL	Alarm Room Operator		102,340	5,453
ARNOLD, NICK	Airport Coordinator		78,769	303
BAIKIE, IAN W	Fire Chief		84,974	5,178
BAKER, JOHN	Fire Captain		148,261	1,401
BAKSH, NINA	GIS Coordinator		75,031	6,417
BATE, TRACY	Deputy City Clerk		85,990	2,583
BELLEFLEUR, KELLY	Deputy Fire Chief		147,486	11,491
BOURDON, JACQUIE	Human Resources Advisor		82,872	323
BOWLES, RONALD	General Manager, Community Development		149,947	13,027
BRODIE, DENNIS W	Finance Supervisor		94,518	3,637
BROOKS, KEVIN	Development Services Manager		107,168	7,140
BROOKS, TERRY	Engineering Technologist III		85,398	64
BROVOLD, DARRELLE	City Clerk		110,395	7,367
BRUCE, TYLER	Firefighter		86,670	24
BRYLA, RODERICK	Equipment Operator III		75,626	164
CLARKE, THOMAS	Parks Foreman II		80,722	1,272
CLARKSON, CASEY	Foreman II		87,973	743
COLLINS, VICCI	Police Services Supervisor		82,326	2,037
CROOK, CLINTON	Purchasing & Risk Management Officer		85,966	9,018
DAWSON, KEN	Fire Captain		154,935	189
DECKSHEIMER, JASON	Fleet & Facilities Manager		108,486	5,868
DOHERTY, THOMAS	Fire Chief		148,689	10,674
DOUGHERTY, DAVID	Capital Works Supervisor		96,107	6,027
DOUGLAS, JULIE	Communications Advisor		102,797	3,965
DUMONT, STEWART	Firefighter		124,704	2,835
DUMONT, MICHAEL	Firefighter		113,570	1,644
EPPLER, ANDREW	Firefighter		116,785	-
EPPLER, PAULA	Alarm Room Operator		101,261	5,828
FLEMING, ROXANNE	Police Records Services Coordinator		76,960	764
FYFE, JEREMY	Firefighter		97,880	1,083
GAYLOR, ANDREW	Development Planning Supervisor		90,060	2,305
GEORGE, KEVIN	Instrumentation & Telemetry Analyst		82,049	441
GIRVIN, SHEILA	Human Resources Advisor		91,327	3,456
HADFIELD, ANDREW	Director of Operations		124,463	10,920
HALL, SHAWN	Firefighter		115,599	2,805
HARMSTON, MICHAEL	Accountant III		83,098	3,548
HARTLEY, JASON	Capital Works Manager		129,182	3,152

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

SCHEDULE SHOWING THE REMUNERATION IN RESPECT OF EACH EMPLOYEE*Prepared Under the Financial Information Regulation, Schedule 1, Section 6*

Employees	Position	Remuneration	Expenses
HILDEBRAND, SETH	Firefighter	117,787	4,278
HOFMANN, JAMIE L	Alarm Room Operator	94,209	40
HOLBROOK, BRUCE C	Firefighter	131,383	1,799
IDIENS, CRAIG	Fire Prevention Inspector	125,137	11,225
ISFELD, JON	Roads Supervisor	96,055	7,168
JACOBS, CARRIE	RCMP Municipal Manager	99,070	8,581
KALYN, WARREN	Information Technology Manager	116,542	6,841
KLUKAS, ROSE	Economic Development Officer	115,261	16,949
KOBUS, SCOTT	Alarm Room Operator	94,803	3,704
KRATZMANN, SCOTT	Firefighter	121,626	3,478
LAGOS, DAVID	Firefighter	125,179	1,786
LANGFORD, KAREN	Recreation & Culture Supervisor	91,768	1,402
LIMOGES, JOSEPH	Fleet Services Coordinator	80,909	2,634
LOADMAN, LAWRENCE	Engineering Technologist III	78,959	2,547
LOGAN, BONNIE	Alarm Room Operator	81,290	3,601
LOVELY, DAVID	Safety Advisor	90,682	7,241
MACNEIL, JARED	Alarm Room Operator	77,990	1,440
MAHER, ALAINA	Finance Manager	97,003	7,928
MARTIN, TERRI	Environmental Science Officer	82,537	3,193
MASSE, TYLER D	Airport Manager	99,070	2,089
MCKENZIE, MARK	Fire Captain	145,072	2,179
MORRIS, DAVID G	General Manager, Assets & Operations	161,134	9,032
NEUFELD, RONALD	Deputy City Manager	163,272	8,127
O'BRIEN, CHRIS	Crime Analyst	87,370	135
OSBORNE, CHRISTOPHER	Senior Planner	84,936	5,521
PARKER, GRANT	Parks Supervisor	99,945	2,488
PENDERGAST, LEE	Firefighter	113,541	550
PETERS, JENNIFER	Utilities Manager	116,761	3,088
RALPH, JAMES	Engineering Technologist III	85,774	3,071
ROEHR, STEVEN	Foreman II - Wastewater	91,201	768
ROGERS, DEBRA	Firefighter	114,127	3,541
RYKERS, MATTHEW	Environmental Science Officer	82,932	1,913
SANDBERG, LORNE	Wastewater Supervisor	93,523	3,389
SARGENT, DEBORAH	City Manager	194,544	17,565
SAXBY, TYLER	Firefighter	114,179	1,337
SCHIEFELE, PATRICK	Firefighter	128,619	3,201
SCHULTE, CHRIS	Firefighter	127,122	2,593
SEPHTON, BRAD	Parks Green Space Coordinator	77,814	1,186

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

SCHEDULE SHOWING THE REMUNERATION IN RESPECT OF EACH EMPLOYEE*Prepared Under the Financial Information Regulation, Schedule 1, Section 6*

Employees	Position	Remuneration	Expenses
SIRETT, MICHELE	Recreation & Culture Supervisor	100,045	2,262
SMITH, GORDON	Utility Operator III	78,008	1,264
STEWART, ANDREW	Firefighter	114,367	66
STUART, DONNA	Alarm Room Operator	97,582	1,279
TILLAPPAUGH, COLLEEN	Human Resources Manager	113,022	5,730
TOEWS, ZAK	Network Administrator	79,769	1,064
TRAVANUT, ED	Foreman II	96,465	1,713
TRIPPLE, SUSAN M	Alarm Room Operator	93,146	79
VAN SPRONSEN, WILLEM	Contractor Coordinator	77,920	968
VANDENDRIES, CRIS	Firefighter	124,044	3,293
VATON, JOHN	Fire Captain	142,368	586
VIAU, NATHALIE	Water Supervisor	99,995	5,845
WAFFLE, RHIANNON	Alarm Room Operator	94,608	3,806
WARK, LYNN	Recreation & Culture Manager	116,213	3,765
WESTDORP, BRIAN	Foreman II	86,696	897
WHARTON, REID	Fire Captain	154,177	1,952
WILLIS, JAMIE	Firefighter	116,313	2,842
WIPPER, PETER	Director of Planning	121,073	3,703
ZIRNHELT, AMBER	Long Range Planning & Sustainability Manager	112,306	8,127
Total employees with remuneration greater than \$75,000		\$ 10,006,193	\$ 361,941
Add: employees with remuneration less than \$75,000		9,604,682	226,972
Add: mayor and council		205,182	39,024
Total remuneration and expenses		\$ 19,816,058	\$ 627,938
Reconciliation			
Total remuneration		\$ 19,816,058	
Employer's portion of CPP and EI		939,070	
Employer's portion of Health Benefits		746,633	
Municipal Superannuation		1,621,942	
Change in accrued wages and benefits, severance agreements, non-taxable benefits paid to third party, allocated overhead and other		(61,585)	
Wages and benefits per Consolidated Financial Statements		\$ 23,062,118	

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

STATEMENT OF SEVERANCE AGREEMENTS

Prepared under the Financial Information Regulation, Schedule 1, subsection 6 (8)

There were no severance agreements made between the City of Campbell River and its non-unionized employees during fiscal year 2018.

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000**

Prepared Under the Financial Information Regulation, Schedule 1, section 7

Supplier Name	Amount Paid
1067690 BC LTD	46,472
AB EDIE EQUITIES INC	47,250
ACE COURIER SERVICES LTD	33,401
ACME SUPPLIES LTD	44,971
ANDERSON REFRIGERATION LTD	48,705
ANDREW SHERET LIMITED	234,527
APGN INC	60,585
APPLE ELECTRIC LTD	254,322
ARNIE'S PAINTING INC	44,434
ASHDOWN CONSTRUCTION	26,958
ASSOCIATED FIRE SAFETY	31,971
AVI HEALTH & COMMUNITY SERVICES SOCIETY-ATTENTION ALEX WADE	44,100
BC HYDRO & POWER	1,445,412
BC HYDRO CAD-130160 PAYMENT CONTROLS DEPT	279,820
BC TRANSIT	1,804,548
BEE-LINE TAXI LTD	33,617
BELL MOBILITY INC	103,571
BERRY & VALE CONTRACTING LTD	99,839
BILL HOWICH CHRYSLER LTD	95,198
BLACK PRESS GROUP LTD	154,280
BUTLER BROTHERS SUPPLIES LTD	33,618
C & L SUPPLY 1988 LTD	47,952
C R METAL FABRICATORS LTD	337,485
C3 MAINLINE INSPECTIONS INC	64,806
CALGON CARBON UV TECHNOLOGIES CANADA INC	93,096
CAMPBELL RIVER AUTO CENTER	26,340
CAMPBELL RIVER DISTRICT CONTRACTING	103,202
CAMPBELL RIVER INDIAN BAND	30,257
CAMPBELL RIVER VOLUNTEER FIRE DEPT NO 1	79,480
CANADA POST CORPORATION - PAYMENT PROCESSING	35,056
CARSCADDEN STOKES MCDONALD ARCHITECTS INC	33,373
CARTEGRAPH	44,628
CASE, JULIE M	29,919
CDW CANADA	143,848
CLARO ENVIROMENTAL TECHNOLOGIES	29,776
CLEAN TEAM JANITORIAL INC	94,439
CLEARTECH INDUSTRIES INC	52,294
CLOVERDALE PAINT	40,225
COASTAL ANIMAL CONTROL SERVICES OF BC LTD	136,375
COLUMBIA FUELS	49,157
COMOX VALLEY REGIONAL DISTRICT	583,521
CORIX WATER PRODUCTS LP	56,861
COURTENAY GLASS	36,179

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000***Prepared Under the Financial Information Regulation, Schedule 1, section 7*

Supplier Name	Amount Paid
CRES 1986 LTD	40,696
D A TOWNLEY	746,633
DE NORA WATER TECHNOLOGIES INC.	44,235
DELL CANADA INC	29,746
DESTINATION THINK! PROFESSIONAL SERVICES INC	682,803
DEVON TRANSPORT LTD - BUDGET CAR & TRUCK RENTAL	105,170
DISCOVERY COAST GREENWAYS LAND TRUST	54,275
DOMCOR TRAFFIC CONTROL INTERNATIONAL INC	25,246
DOWNTOWN CAMPBELL RIVER BUSINESS IMPROVEMENT ASSOCIATION DBA	49,299
DUNCAN ELECTRIC MOTOR LTD	41,933
EB HORSMAN & SON	72,136
ED ROSSE PLUMBING LTD	45,049
EMCON SERVICES INC	46,704
EMTERRA ENVIRONMENTAL (CUMBERLAND)	1,808,910
ENEX FUELS LTD	830,783
EPIC DESIGN STUDIO LTD	31,645
ERAMOSIA ENGINEERING INC	143,196
ESRI CANADA	54,908
FACILITY CONDITION ASSESSMENT PORTFOLIO EXPERTS CANADA LTD	33,348
FOOTPRINTS SECURITY PATROL INC	86,424
FORT GARRY FIRE TRUCKS LTD	938,823
FORTIS BC-NATURAL GAS	86,186
GO FLEET CORPORATION	26,077
GRANT ILLUMINATED SIGNS LTD	25,492
GUILLEVIN INTERNATIONAL CO	53,334
HAND-IN-HAND EARLY YEARS NATURE EDUCATION PROGRAM	61,720
HENDERSON RECREATION EQUIPMENT LTD	30,245
HIGHLAND ENGINEERING SERVICES LTD	155,867
HOULE ELECTRIC LIMITED	264,825
ICBC - INSURANCE CORPORATION OF BC	175,831
IMS INFRASTRUCTURE MANAGEMENT SERVICES LTD	44,888
INFILM	100,000
INLAND KENWORTH LTD	226,267
INNOV8 DIGITAL SOLUTIONS	63,083
INTERCONTINENTAL TRUCK BODY	153,987
J A LARUE	432,367
J COTE & SON EXCAVATING LTD	3,425,129
JIM CREIGHTON ENTERPRISES	83,873
JOHNSON SECURITY SOLUTIONS LTD	43,971
KNAPPETT PROJECTS INC	1,014,778
KOERS & ASSOCIATES ENGINEERING LTD	55,267
LAFRENTZ ROAD MARKING DIV OF CDN ROAD BUILDERS INC	56,835
LEAVITT MACHINERY - HEAD OFFICE	54,386
LIDSTONE & COMPANY BARRISTERS AND SOLICITORS	55,787

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000***Prepared Under the Financial Information Regulation, Schedule 1, section 7*

Supplier Name	Amount Paid
MAINROAD MAINTENANCE PRODUCTS LP	58,212
MARETERRA RESOURCES LTD	41,301
MAXXAM ANALYTICS	52,501
MCELHANNEY CONSULTING SERVICES LTD	308,738
MCELHANNEY CONSULTING SERVICES LTD	26,951
METRO MOTORS LTD	107,423
MICROSOFT CORPORATION	52,893
MNP LLP	42,998
MONK OFFICE	311,316
MUNICIPAL INSURANCE ASSOCIATION OF BRITISH COLUMBIA	279,812
MUNICIPAL PENSION PLAN	1,621,942
MUSEUM AT CAMPBELL RIVER	93,346
NATIONAL ENERGY EQUIPMENT INC	30,118
NELSON ROOFING & SHEET METAL LTD	43,843
NOEL PIKE DRYWALL	32,603
NORTH ISLAND COMMUNICATIONS INC	55,350
NORTH ISLAND NISSAN LTD	32,807
NORTHWEST HYDRAULIC CONSULTANTS LTD	319,889
NOVA INTEGRATED SYSTEMS LTD	31,036
PACIFIC INDUSTRIAL & MARINE LTD	99,780
PACIFICUS BIOLOGICAL SERVICES LTD	34,529
PIONEER HOME HARDWARE LTD	68,978
PIPE EYE VIDEO INSPECTIONS AND SERVICES LTD	71,817
PRECISION SERVICE AND PUMPS INC.	26,306
PRICE'S ALARM SYSTEMS LTD	31,743
RALEIGH FIRE SAFETY INC	27,344
RAMTECH ENVIRONMENTAL PRODUCTS	48,207
RAYLEC POWER LP	217,508
RB ENGINEERING LTD	32,175
RECEIVER GENERAL FOR CANADA (CPP & EI)	939,070
RECEIVER GENERAL FOR CANADA E DIVISION FSS	275,495
RECEIVER GENERAL FOR CANADA RCMP POLICING CONTRACT	6,506,301
ROBBINS PARKING SERVICE LTD	29,733
ROCKY MOUNTAIN PHOENIX	32,305
SEAL TEC INDUSTRIES LTD	52,521
SEAWAY DIVING LTD	27,626
STAK FITNESS	100,232
STANTEC CONSULTING LTD	483,855
STEVE MARSHALL FORD 1996 LTD	30,311
STEWART MCDANNOLD STUART IN TRUST	44,087
STRATHCONA REGIONAL DISTRICT	758,291
SUPER SAVE DISPOSAL INC	29,185

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000**

Prepared Under the Financial Information Regulation, Schedule 1, section 7

Supplier Name	Amount Paid
SUPERIOR CITY CONTRACTING SERVICES LTD	176,659
SUPERIOR PROPANE	38,665
SYLVIS ENVIRONMENTAL SERVICES INC	54,390
TAYCO PAVING COMPANY	1,057,771
TELUS	95,857
TEMPEST DEVELOPMENT GROUP INC	28,854
TETRA TECH CANADA INC	41,668
THINK COMMUNICATIONS INC	71,346
TOWER FENCE PRODUCTS COURTENAY DIVISION	34,074
TRANE CANADA ULC T42324C	35,196
TREMAIN MEDIA	27,602
TREMCAR INDUSTRIES INC	279,819
UPLAND CONTRACTING LTD	1,630,825
URBAN SYSTEMS LTD	45,063
US BANK - VISA	390,815
VALLEY TRAFFIC SYSTEMS INC	45,470
VAN-KEL IRRIGATION A DIVISION OF EMCO CORPORATION	61,622
VANCOUVER ISLAND TREE SERVICE LTD	56,753
VIMAR EQUIPMENT	321,935
WILLIS CANADA INC	131,072
WILLOW POINT FIRE FIGHTERS	88,645
WINDLEY CONTRACTING LTD	1,743,640
WISHBONE INDUSTRIES LIMITED	64,063
WORKSAFE BC	273,665
YOUNG ANDERSON BARRISTERS & SOLICITORS	25,586
ZINC STRATEGIES INC	120,049
Total suppliers over \$25,000	40,169,598
Total suppliers under \$25,000	3,408,793
Total suppliers	\$ 43,578,391

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

**SCHEDULE SHOWING TOTAL PAID TO EACH SUPPLIER
FOR GOODS AND SERVICES EXCEEDING \$25,000**

Prepared Under the Financial Information Regulation, Schedule 1, section 7

Add: Grants exceeding \$25,000	
CAMPBELL RIVER ART GALLERY	58,000
CAMPBELL RIVER ARTS COUNCIL	25,000
HAIG BROWN HOUSE	44,500
MUSEUM AT CAMPBELL RIVER	184,456
TIDEMARK THEATRE SOCIETY	175,000
Total grants over \$25,000	486,956
Total grants under \$25,000	74,386
Total Grants in Aid	561,342
Total suppliers and grants	\$ 44,139,733
Adjustments	
Debt and Lease Principal Payments	(414,849)
Amortization Expenses	9,381,645
Tangible Capital Asset Expenditures	(14,160,160)
Wages, Salaries and Benefits	19,816,058
Employee Expenses	627,938
Adjustment for GST rebates received	(1,361,792)
Inventory*	(73,492)
Change in accounts payable and accrued expenses, and payments for non-expense items and other	(337,464)
Total Expenses per Consolidated Statement of Financial Activities	\$ 57,617,616

STATEMENT OF FINANCIAL INFORMATION (SOFI)

Prepared under the Financial Information Act

For the Year Ended December 31, 2018

SCHEDULE OF GUARANTEE AND INDEMNITY AGREEMENTS

Prepared under the Financial Information Regulation, Schedule 1, Section 5

This organization has not given any guarantees or indemnities under the *Guarantees and Indemnities Regulation*.



CITY OF CAMPBELL RIVER
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

**CITY OF CAMPBELL RIVER
CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

Independent Auditor's Report

Financial Reporting Responsibility **1**

Financial Statements

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**CITY OF CAMPBELL RIVER
FINANCIAL REPORTING RESPONSIBILITY
For the Year Ended December 31, 2018**

The preparation and presentation of the Consolidated Financial Statements is the responsibility of the management of the City of Campbell River. The Consolidated Financial Statements have been prepared pursuant to Section 167 of the Community Charter and in accordance with Canadian public sector accounting standards. The financial information contained herein necessarily involves the use of estimates and judgments, which have been based on careful assessment of the data, made available through the City's information systems. The City maintains a system of internal accounting controls designed to safeguard our assets and provide reliable financial information.

MNP LLP has been appointed by Council of the City of Campbell River as the City's independent auditor. Their report accompanies the Consolidated Financial Statements.



Alaina Maher, CPA, CMA
Finance Manager



Ron Bowles
Chief Financial Officer

Independent Auditor's Report

To the City of Campbell River:

Opinion

We have audited the consolidated financial statements of the City of Campbell River (the "City"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Campbell River, British Columbia

May 13, 2019

MNP **LLP**
Chartered Professional Accountants

MNP
LLP

CITY OF CAMPBELL RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and investments (note 2)	87,586,763	77,502,234
Accounts receivable (note 4)	5,529,421	5,696,809
Inventory held for sale	60,608	35,284
	93,176,792	83,234,327
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 5)	9,920,323	9,093,117
Deposits and holdbacks	3,733,740	4,140,309
Development cost charges (note 6)	10,885,296	9,556,225
Deferred revenue (note 6)	11,769,378	12,933,221
Short-term debt (note 7)	4,800,000	4,300,000
Long-term debt (note 8 & schedule 1)	8,319,927	4,535,344
	49,428,664	44,558,216
NET FINANCIAL ASSETS	43,748,128	38,676,111
NON FINANCIAL ASSETS		
Inventory of supplies	375,302	316,483
Prepays	71,767	145,169
Tangible capital assets (schedule 2)	260,436,041	252,433,364
	260,883,110	252,895,016
ACCUMULATED SURPLUS (note 10)	304,631,211	291,571,127

See Contingent liabilities Note 11.



Alaina Maher, CPA, CMA
 Finance Manager



Ron Bowles
 Chief Financial Officer

CITY OF CAMPBELL RIVER
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2018

	2018 Budget (see note 13)	2018 Actual	2017 Actual
REVENUE			
Taxes & parcel taxes (note 12)	32,644,546	32,528,517	31,245,700
Payments in lieu of taxes	617,700	716,817	695,387
Sale of services	23,984,590	24,535,635	24,066,511
Services provided to other governments	1,709,643	1,681,129	1,669,146
Transfers from other governments	5,914,460	5,986,445	9,538,502
Investment and other income	526,302	1,536,179	1,037,683
Other revenue	241,197	262,653	249,632
Development cost charges recognized	1,083,031	152,834	43,343
Contributed tangible capital assets	-	3,350,027	2,699,892
Loss on disposal of tangible capital assets	-	(72,536)	(14,626)
	66,721,469	70,677,700	71,231,170
EXPENSES			
General government	6,891,441	6,760,561	7,043,186
Protective services	17,107,354	16,572,269	15,597,148
Transportation services	12,597,346	12,000,146	12,203,639
Environmental health services	2,682,919	2,604,117	2,465,339
Public health services	183,255	148,775	161,069
Development services	2,618,467	2,226,581	1,829,845
Parks, recreation and cultural services	8,038,192	8,184,428	8,029,730
Sewer utility services	4,245,931	3,779,109	4,151,845
Water utility services	5,458,373	5,341,630	4,625,822
	59,823,278	57,617,616	56,107,623
ANNUAL SURPLUS	6,898,191	13,060,084	15,123,547
Accumulated Surplus, Beginning of Year	291,571,127	291,571,127	276,447,580
ACCUMULATED SURPLUS (note 10)	298,469,318	304,631,211	291,571,127

See Budget legislative compliance Note 13.

CITY OF CAMPBELL RIVER
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018

	2018 Budget (see note 13)	2018 Actual	2017 Actual
ANNUAL SURPLUS	6,898,191	13,060,084	15,123,547
TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	(31,767,993)	(14,160,160)	(17,507,149)
Contributed tangible capital assets	-	(3,350,027)	(2,699,892)
Proceeds on disposal of tangible capital assets	-	16,145	14,364
Loss on disposal of tangible capital assets	-	72,536	14,626
Writedown of tangible capital assets	-	37,241	-
Amortization	8,798,500	9,381,615	8,903,210
	(22,969,493)	(8,002,650)	(11,274,841)
OTHER NON-FINANCIAL ASSETS			
Increase in inventory of supplies	-	(58,819)	(7,715)
(Increase)/decrease in prepaids	-	73,402	(38,572)
	-	14,583	(46,287)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(16,071,302)	5,072,017	3,802,419
NET FINANCIAL ASSETS, BEGINNING OF YEAR	38,676,111	38,676,111	34,873,692
NET FINANCIAL ASSETS, END OF YEAR	22,604,809	43,748,128	38,676,111

CITY OF CAMPBELL RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Annual surplus	13,060,084	15,123,547
Non-cash items included in annual surplus:		
Long-term debt actuarial adjustment	(100,568)	(103,957)
Contributed tangible capital assets	(3,350,027)	(2,699,892)
Loss on disposal of tangible capital assets	72,536	14,626
Writedown of tangible capital assets	37,241	-
Amortization expense	9,381,615	8,903,210
Decrease in inventory of supplies	(58,819)	(7,715)
(Increase)/decrease in prepaids	73,402	(38,572)
Changes in financial assets and liabilities:		
Accounts receivable	167,388	1,963,829
Inventory held for resale	(25,324)	12,411
Accounts payable and accrued liabilities	827,206	(1,929,281)
Deposits and holdbacks	(406,569)	982,430
Development cost charges	1,329,071	1,668,878
Deferred revenue	(1,163,843)	3,829,886
	19,843,393	27,719,400
CAPITAL ACTIVITIES		
Proceeds on sale of tangible capital assets	16,145	14,364
Acquisition of tangible capital assets	(14,160,160)	(17,507,149)
	(14,144,015)	(17,492,785)
FINANCING ACTIVITIES		
Debt proceeds	4,800,000	4,300,000
Debt principal repaid	(414,849)	(308,156)
	4,385,151	3,991,844
INCREASE IN CASH AND INVESTMENTS	10,084,529	14,218,459
CASH AND INVESTMENTS BEGINNING OF YEAR	77,502,234	63,283,775
CASH AND INVESTMENTS, END OF YEAR	87,586,763	77,502,234
INTEREST RECEIVED	1,130,366	643,204
INTEREST PAID	397,407	282,736

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

The City of Campbell River ("City") was incorporated as a municipal district in 1947 under the provisions of the *British Columbia Municipal Act*, and was reinforced as a city by letters patent in 2005. Its principal activities are the provision of local government services to the residents of the City, as governed by the *Community Charter and the Local Government Act*.

The notes to the Consolidated Financial Statements are an integral part of these statements. They provide detailed information and explain the significant accounting and reporting policies and principles that form the basis for these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the Consolidated Financial Statements.

1. Significant accounting policies

a) Basis of presentation

The Consolidated Financial Statements of the City are the representations of management prepared in accordance with Canadian public sector accounting standards. Budget information has been aggregated to comply with these reporting standards.

b) Reporting entity

The Consolidated Financial Statements reflect the assets, liabilities, revenues, expenses and changes in financial position of the reporting entity which comprises all the organizations that are accountable for the administration of their financial affairs and resources to Council and are owned or controlled by the City. All inter-fund balances and transactions are eliminated.

The Cemetery Trust Funds administered by the City are specifically excluded from the Consolidated Financial Statements and are reported separately (Note 3).

c) Accrual accounting

Items recognized in the financial statements are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which they occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Assets are recognized until the future economic benefit underlying the asset is partly or wholly used or lost. Liabilities are recognized until the obligation or condition(s) underlying the liability is partly or wholly satisfied. The accrual basis of accounting recognizes expenses as they are incurred and become measurable based upon receipt of goods or services and/or creation of a legal obligation to pay.

d) Revenue recognition

Revenue is recorded in the period in which the transactions or events that gave rise to the revenue occur. Following are the types of revenue received and a description of their recognition:

i) Taxation

Taxes for Municipal Purposes are recognized in the year levied. Levies imposed by other taxing authorities (Note 12) are not included in these financial statements.

ii) Sale of services

Sale of services are recognized in the year that the service is provided or the amount is earned, provided the amount can be estimated and collection is reasonably assured.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

iii) Transfers from other governments

The City recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the City recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

iv) Other revenue

Investment income, taxation penalties and actuarial earnings are recorded in the year they are earned, provided the amount can be estimated and collection is reasonably assured.

v) Development cost charges and other deferred revenues

Development cost charges are recognized in the year that they are used to fund an eligible capital project that has been authorized by bylaw. Receipts which are restricted by agreement with external parties are reported as Deferred Revenue at the time they are received. When the qualifying expenses are incurred the related Deferred Revenue is brought into revenue. Deferred Revenues are comprised of the amounts shown in Note 6.

e) Cash and investments

Investments are held with the Municipal Finance Authority of BC (MFA). The Money Market Fund provides a method by which municipalities in British Columbia can access high quality investments not otherwise available to them while retaining a high degree of security and liquidity. The interest rate is variable and the funds are redeemable upon 24 hours notice. The carrying value of investments is based on the cost method whereby the cost of the investment is adjusted to reflect investment income, which is accruing, and any permanent decline in market value. The investment balances detailed in Note 2 are reported at market value which is also cost on December 31, 2018.

f) Long-term debt

All long-term debt is borrowed from the Municipal Finance Authority of BC (MFA). Interest payments and actuarial earnings related to long-term debt obligations are recorded on an accrual basis. Actuarial revenue is investment earnings on the City's principal payments made to, and invested by, the MFA, prior to the MFA using these funds to retire the related debt. The actuarial interest rate is set when the debt is issued to the City and may be adjusted by MFA during the term of the debt if market conditions dictate that the rate can no longer be achieved. The rates of interest on outstanding debt are 2.80% to 5.15% as disclosed on Schedule 1. Actual actuarial earnings beyond the set rate are paid to the City when the related debt is retired. Actuarial revenue is recognized and compounded annually starting in the second year of the debt term.

g) Financial instruments

The City's financial instruments consist of cash and investments, accounts receivable, accounts payable and accrued liabilities, deposits and holdbacks, short-term and long-term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments. Interest rates for the capital lease and long-term debt are set at fixed rates for the term. The City does not have significant foreign currency denominated transactions. Accounts receivable are due from a broad base of customers, except as otherwise commented on in Note 4.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

h) Non-financial assets

The City's non-financial assets consist of inventory of supplies, prepaids, and tangible capital assets. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Intangible assets, such as water rights and mineral resources, are not recorded in the financial statements.

i) Tangible capital assets

Tangible capital assets are recorded at cost, net of disposals, write-downs and amortization. The useful life is applied on a straight line basis to calculate amortization that is calculated when the asset is put in use. In the year of addition amortization is calculated at one-half and no amortization is recorded in the year of disposal.

The estimated useful lives that the City uses to amortize its tangible capital assets are:

Asset	Useful life (yrs)
Land	N/A
Buildings	20-60
Furniture, machinery & equipment	3-25
Drainage infrastructure	30-80
Roads, bridges & highways	15-60
Marine infrastructure	30-40
Sewer infrastructure	20-60
Water infrastructure	20-60

Carrying costs directly attributable to the acquisition, construction or development activity, excluding interest costs, are capitalized to the point in time the asset is substantially complete and ready for use. Contributions of tangible capital assets are recorded at fair value at the date of contribution.

ii) Inventory

Inventories are recorded at the lower of cost and net realizable value. Cost is determined using the weighted average cost basis.

i) Use of estimates/measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring use of management estimates relate to the useful lives of tangible capital assets, determination of employee future benefits, accrual for retroactive wages and the outcome of litigation and claims. Accounts receivable are recorded after considering the collectability of the amounts and setting up an allowance for doubtful accounts, if necessary. Actual results will depend on future economic events and could differ from the estimates. Adjustments, if any, will be reflected in the period of settlement or upon a change in the estimate. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City is responsible for.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

j) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2018.

At each financial reporting date, the City reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

k) Adoption of new accounting standards

i) PS 3210 Assets

Effective January 1, 2018, the City adopted the recommendations relating to PS 3210 Assets, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

There was no material impact on the consolidated financial statements from adopting the new Section.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

ii) PS 3320 Contingent Assets

Effective January 1, 2018, the City adopted the recommendations relating to PS 3320 Contingent Assets, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

The new Section establishes disclosure standards on contingent assets. The main features of this standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur.

Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

There was no material impact on the consolidated financial statements from adopting the new Section.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

iii) PS 3380 Contractual Rights

Effective January 1, 2018, the City adopted the recommendations relating to PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

There was no material impact on the consolidated financial statements from adopting the new Section.

iv) PS 2200 Related Party Disclosures

Effective January 1, 2018, the City adopted the recommendations relating to PS 2200 Related Party Disclosures, as set out in the CPA Canada public sector accounting standards. Pursuant to the recommendations, the change was applied prospectively, and prior periods have not been restated.

This new Section defines a related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

There was no material impact on the consolidated financial statements from adopting the new Section.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

2. Cash and investments

	<u>2018</u>	<u>2017</u>
General operating fund	73,092,872	63,604,773
Development cost charges deferred revenue	10,771,077	9,556,225
Capital lending reserve fund	1,907,408	2,797,795
Parks acquisition & development reserve fund	1,158,995	906,797
Parkland acquisition reserve fund	504,712	487,488
Other bank investments	151,699	149,156
	<u>87,586,763</u>	<u>77,502,234</u>

The City's investment policy is designed to provide the optimal blend of investment security and rate of return while meeting the operational requirements of the City while maintaining compliance with restrictions imposed by the Community Charter. The investment policy applies to all cash assets of the City not required for immediate operational needs. All current investments are held within the MFA Money Market Fund (MMF) which are accessible within one business day. The monthly average interest rate for the MMF in 2018 was 1.61%.

3. Trust funds

The City holds trust funds under British Columbia law for purposes of maintaining public cemeteries. These funds are excluded from the Consolidated Financial Statements and are comprised of the following:

	<u>December 31, 2017</u>	<u>Collections</u>	<u>Expenses</u>	<u>December 31, 2018</u>
CR Municipal Cemetery	322,420	2,998	-	325,418
Elk Falls Memorial Cemetery	233,284	7,770	-	241,054
	<u>555,704</u>	<u>10,768</u>	<u>-</u>	<u>566,472</u>

4. Accounts receivable

	<u>2018</u>	<u>2017</u>
Property taxes	1,531,384	1,502,163
Due from other governments	967,747	2,457,681
Other	3,030,290	1,736,965
	<u>5,529,421</u>	<u>5,696,809</u>

Other receivables includes from one customer an amount of \$599,580 (2017 - \$652,133) which is a structured payment established through a local service agreement and is collected as part of the annual tax levy with the final payment occurring in 2027. The annual repayment amount is \$81,353 based on an interest rate of 4.71% over the 19 year repayment term.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

5. Accounts payable and accrued liabilities

	2018	2017
Trade accounts payable	<u>2,750,447</u>	2,142,971
Due to other governments	<u>2,564,046</u>	2,497,419
Accrued liabilities	<u>449,294</u>	317,220
Accrued wages and benefits	<u>4,096,496</u>	4,086,993
Accrued interest	<u>60,040</u>	48,514
	<u>9,920,323</u>	<u>9,093,117</u>

Included in accrued liabilities is a liability for a contaminated site the City owns. The site is potentially contaminated with elevated levels of minerals in its soil and groundwater from its former use as a dumping site for industrial woodwaste and requires remediation to an acceptable environmental standard. The City has estimated that the necessary remediation will cost approximately \$190,000 (2017 - \$190,000) based on

Full-time permanent employees receive up to one-third or one-sixth of their sick bank on retirement, per their respective collective agreement. Permanent employees are also entitled to awards of supplemental vacation on certain anniversary years. The value of the liabilities for sick leave and supplemental vacation as at December 31, 2018 are calculated by an Actuary engaged by the City and reflect the likelihood that eligible employees will become entitled to such benefits. There are no additional liabilities accrued for these amounts as they are included in the sick leave, vacation, and banked overtime liability accounts:

Accrued wages and benefits:

	2018	2017
Employee future benefits	<u>1,581,600</u>	1,586,000
Vacation liability	<u>1,329,690</u>	1,215,079
Banked overtime liability	<u>276,016</u>	264,112
Wages and other accruals	<u>909,190</u>	1,021,802
	<u>4,096,496</u>	<u>4,086,993</u>

Employee future benefits:

	2018	2017
Accrued benefit obligation - beginning	<u>1,586,000</u>	1,568,300
Current service cost	<u>129,600</u>	127,200
Interest cost	<u>47,600</u>	53,500
Benefits paid	<u>(98,900)</u>	(87,100)
Recognition of Actuarial loss/gain	<u>(82,700)</u>	(75,900)
	<u>1,581,600</u>	<u>1,586,000</u>
Discount rate	2.90%	2.90%
Inflation rate	2.50%	2.50%

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. Deferred revenue

Included in deferred revenue are contributions from developers collected under the Development Cost Charges (DCC) Bylaw. These contributions will be recognized as revenue in future years when these funds are used for expenses as permitted by the Development Cost Charges Bylaw and the relevant sections of the *Local Government Act*, unless otherwise authorized by the Ministry of Municipal Affairs and Housing.

The funded DCC's are disclosed as short-term investments in Note 2 (2018 - \$10,771,077, 2017 - \$9,556,225).

	December 31, 2017	Transfers	Collections	December 31, 2018
Development cost charges				
Park development	701,082	-	103,444	804,526
Parkland acquisition	413,363	-	214,918	628,281
Roads	3,717,027	128,613	312,144	3,900,558
Sanitary sewer	693,282	34,044	207,804	867,042
Storm drains	964,991	-	276,965	1,241,956
Water	3,066,480	-	376,453	3,442,933
	9,556,225	162,657	1,491,728	10,885,296
Deferred revenue				
Future local improvements	2,630,928	(26,744)	-	2,604,184
Prepaid property taxes	2,288,365	(3,871,948)	3,935,145	2,351,562
Community Works Fund	4,387,923	(2,757,911)	1,468,534	3,098,546
Parkland acquisition	487,488	-	37,124	524,612
Other	3,138,517	(386,212)	438,169	3,190,474
	12,933,221	(7,042,815)	5,878,972	11,769,378
	22,489,446	(6,880,158)	7,370,700	22,654,674

7. Short-term debt

Short-term financing is secured through the Municipal Finance Authority of BC for capital initiatives approved under loan authorizations. Interest is calculated daily on a variable rate basis at prime less 1.28%. In 2018 the rate averaged at 2.21% (2017 - 1.52%). Short-term borrowing is replaced by long-term debt periodically when balances and interest rates are considered appropriate. The outstanding short-term debt balance at the end of 2018 will be transferred to long-term in spring of 2019.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

8. Long-term debt

Debt is reported at the gross amount. See Schedule 1 for maturity dates, interest rates and payments in the year. The principal payments for the next five years are:

Year	General	Sewer	Water	Total
2019	84,846	49,891	387,119	521,856
2020	84,846	49,891	387,119	521,856
2021	84,846	49,891	387,119	521,856
2022	84,846	49,891	387,119	521,856
2023	84,846	49,891	387,119	521,856

The interest payments for the next five years are:

Year	General	Sewer	Water	Total
2019	51,964	162,308	282,650	496,922
2020	51,964	162,308	282,650	496,922
2021	125,854	162,308	282,650	570,812
2022	125,854	162,308	282,650	570,812
2023	123,277	162,308	282,650	568,235

The City has no debt assumed by others on its behalf, and has not directly assumed any debt for others (Note 11b).

9. Municipal Finance Authority debt reserve fund

The Municipal Finance Authority (MFA) of British Columbia provides capital financing for regional districts and their member municipalities. The MFA is required to establish a debt reserve fund. Each regional district, through its member municipalities who share in the proceeds of a debt issue, is required to pay into the debt reserve fund certain amounts set out in the debt agreements. The MFA pays into the debt reserve fund these monies from which interest earned thereon less administrative expenses becomes an obligation to the regional districts. It must then use this fund if at any time there are insufficient funds to meet payments on its obligations. When this occurs the regional districts may be called upon to restore the fund.

Upon the maturity of a debt issue, the unused portion of the debt reserve fund established for that issue will be discharged to the City. The proceeds from these discharges will be credited to income in the year they are received. The City's MFA debt reserve fund is:

	2018	2017
General	22,830	42,065
Sewer	12,525	12,258
Water	73,776	29,428
	109,131	83,750

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

10. Accumulated surplus

	2018	2017
Unappropriated surplus		
General	4,396,452	4,400,000
Sewer	800,000	800,000
Water	850,000	850,000
	6,046,452	6,050,000
Non-statutory reserves		
General	12,705,722	9,744,381
Airport	545,540	407,055
Sewer	16,052,644	16,652,366
Water	18,801,709	11,414,711
	48,105,615	38,218,513
Statutory reserves		
Capital lending	2,104,031	2,797,795
Parkland acquisition & development	1,058,995	906,797
	3,163,026	3,704,592
Investment in tangible capital assets	247,316,118	243,598,022
Total	304,631,211	291,571,127

The Unappropriated surplus is available to temporarily finance operations until planned revenues including property taxes are received, or for other operating or capital purposes as determined by Council.

The Non-statutory reserves have been set aside by decision of Council for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

The Statutory reserves have been established by bylaw in accordance with the Community Charter and their use is restricted by legislation. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated.

Investment in tangible capital assets includes the net book value of capital assets for all City funds (General, Airport, Sewer, Water), less debt or leases outstanding on those assets.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

11. Contingent liabilities

a) Pension liability

The municipality and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The City of Campbell River paid \$1,875,948 (2017 - \$1,768,964) for employer contributions, while employees contributed \$1,516,169 (2017 - \$1,398,399) to the Plan in fiscal 2018. The City of Campbell River expects to pay \$1,825,000 for employer contributions in the next fiscal year.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

b) Regional District debt

Debt issued by the Strathcona Regional District is a direct joint and several liability of the Regional District and each member municipality, including the City of Campbell River. Readers are referred to the Strathcona Regional District Audited Financial Statements for specific information and detail.

c) Other claims and contingent liabilities

In the course of a year, the City is faced with lawsuits, assessment appeals on property values, and other claims for damages and management believes the exposure to be insignificant. As at December 31, 2018 there existed several claims which management believes may be successful against the City. The City has recorded a liability for these claims, as it believes a reasonable estimate can be made. An accrued liability of \$230,103 (2017 - \$132,229) has been recorded for these claims.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

12. Property taxation

	2018	2017
Municipal Taxation:		
General municipal property taxes	30,368,917	29,302,461
Local service taxes	85,206	79,421
Parcel taxes	1,554,614	1,381,136
1% utility tax	519,780	482,682
Total municipal taxation	32,528,517	31,245,700
 Collections for Other Taxing Authorities:		
BC Assessment Authority	290,961	278,662
Comox Strathcona Regional Hospital District	4,183,915	4,221,769
Comox Strathcona Regional Solid Waste Board	972,306	976,520
Municipal Finance Authority	1,269	1,116
Provincial School Levy	15,462,174	14,528,668
Strathcona Regional District	5,893,843	5,842,546
Regional Library	1,460,947	1,462,850
Total collections for other taxing authorities	28,265,415	27,312,131
Payments to other taxing authorities	(28,265,415)	(27,312,131)
 Net taxation for municipal purposes	32,528,517	31,245,700

13. Budget legislative compliance

The following table reconciles the difference between the Statement of Operations Surplus/Deficit and the Financial Plan (Budget) balance, where sources of funds equal use of funds, demonstrating how the City has complied with the legislative requirement for a balanced budget.

The budget amounts presented throughout these financial statements are based on the Ten Year Financial Plan bylaw adopted by Council on December 14, 2017, to the exception of the amounts noted below.

Adjustments to the 2019-2028 Financial Plan Annual Surplus:

Annual surplus, as per Statement of Operations	6,898,191
Adjustments for non-cash item:	
Amortization offset	8,798,500
Debt proceeds	7,443,793
Debt principal repayments	(715,150)
Capital expenses	(31,767,993)
Net transfer from reserves & unappropriated surplus	9,342,659
	-

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

14. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise because of contracts entered into for future lease/rental revenue, E-911 operations agreement and a local area service agreement. The following table summarizes the contractual rights of the City for future assets:

	Lease/Rental Revenue	E911 Dispatch Operations	Local Area Service
2019	390,751	1,289,000	81,353
2020	149,273	1,333,000	81,353
2021	148,173	1,378,000	81,353
2022	145,986	-	81,353
2023	145,986	-	81,353
Thereafter, to completion	-	-	325,412
Total Contractual Rights	<u>980,171</u>	<u>4,000,000</u>	<u>732,178</u>

15. Segmented reporting

The City of Campbell River provides various City services within various divisions. The consolidated schedule segmented reporting as disclosed in Schedule 3 reflects those functions offered by the City as summarized below:

General government - activities related to the administration of the City as a whole including central administration, finance, human resources, information technology and legislative operations.

Protective services - activities related to providing for the security of the property and citizens of the City including policing, fire protection, emergency planning, building inspection, animal control and bylaw enforcement.

Transportation services - activities related to transportation and transit services including airport operations, maintenance of roads, sidewalks, street lighting and signage.

Environmental health services - activities related to solid waste management.

Public health services - activities related to child care, victim services and cemetery maintenance.

Development services - activities related to economic development, community planning and development.

Parks, recreation & cultural services - activities related to all recreation and cultural services including the maintenance of parks, recreation and fitness programs as well cultural facilities including the museum.

Sewer utility services - activities related to gathering, transporting, storing, treating and discharging sewage and reclaimed water.

Water utility services - activities related to treating, storing, supplying and transporting water.

CITY OF CAMPBELL RIVER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

16. Government transfers

	<u>2018</u>	<u>2017</u>
Federal	3,530,747	1,337,517
Provincial	1,535,698	8,145,690
Regional	920,000	55,295
	<u>5,986,445</u>	<u>9,538,502</u>

17. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

**CITY OF CAMPBELL RIVER
FINANCIAL STATEMENTS
CONSOLIDATED SCHEDULE OF LONG-TERM LIABILITIES
As at December 31, 2018**

SCHEDULE 1

Bylaw	Description	Maturity Date	Interest Rate %	Balance at Dec 31, 2017	Debt Issued	Principal Payments	Actuarial Adjust	Balance at Dec 31, 2018
Long-term debt								
General								
3303	Issue #103	23/04/23	5.00	91,693	-	9,713	4,111	77,870
2964	Issue #104	20/11/18	5.00	70,478	-	49,516	20,962	-
2966	Issue #104	20/11/18	5.00	77,827	-	54,681	23,146	-
3074	Issue #104	20/11/18	5.00	28,452	-	19,990	8,462	-
3301	Issue #104	20/11/23	5.00	323,204	-	34,235	14,492	274,477
3302	Issue #104	20/11/23	5.00	235,742	-	24,971	10,570	200,201
3302	Issue #106	10/13/24	4.00	72,078	-	6,668	2,458	62,952
3301	Issue #112	06/10/25	4.00	112,279	-	9,260	2,926	100,093
				<u>1,011,754</u>	<u>-</u>	<u>209,034</u>	<u>87,127</u>	<u>715,593</u>
Sanitary Sewer								
3345	Issue #112	06/10/25	4.00	272,498	-	22,474	7,100	242,924
3345	Issue #117	10/11/26	3.00	367,139	-	27,418	7,274	332,447
				<u>639,637</u>	<u>-</u>	<u>49,892</u>	<u>14,374</u>	<u>575,371</u>
Water								
3518	Issue #141	04/07/32	3.00	2,900,000	-	155,923	-	2,744,077
3518	Issue #145	04/23/33	3.00		4,300,000	-	-	4,300,000
				<u>2,900,000</u>	<u>4,300,000</u>	<u>155,923</u>	<u>-</u>	<u>7,044,077</u>
Accrued actuarial adjustment				<u>(16,047)</u>	<u>-</u>	<u>-</u>	<u>(933)</u>	<u>(15,114)</u>
Total long-term liabilities				<u>4,535,344</u>	<u>4,300,000</u>	<u>414,849</u>	<u>100,568</u>	<u>8,319,927</u>

**CITY OF CAMPBELL RIVER
FINANCIAL STATEMENTS
CONSOLIDATED TANGIBLE CAPITAL ASSET CONTINUITY SCHEDULE
As at December 31, 2018**

SCHEDULE 2

	Land	Buildings	Machinery & Equipment	Engineered Structures	Assets Under Construction	Total 2018	Total 2017
COST							
Opening balance	33,228,595	36,633,890	21,892,455	325,251,943	28,824,403	445,831,288	425,976,036
Additions	-	804,121	3,549,133	3,269,962	6,536,944	14,160,160	17,507,149
Contributed tangible capital assets	-	-	-	3,350,027	-	3,350,027	2,699,892
Construction completed	-	5,790,866	3,503,440	18,659,866	(27,954,172)	-	-
Writedowns	-	-	-	-	(37,241)	(37,241)	-
Disposals	-	-	(462,090)	(97,505)	-	(559,595)	(351,790)
Closing balance	33,228,595	43,228,877	28,482,938	350,434,293	7,369,934	462,744,637	445,831,288
ACCUMULATED AMORTIZATION							
Opening balance	-	20,827,738	13,978,763	158,591,422	-	193,397,923	184,817,513
Amortization current year	-	1,128,164	1,111,511	7,141,941	-	9,381,615	8,903,210
Amortization from disposals	-	-	(432,624)	(38,319)	-	(470,944)	(322,800)
Closing balance	-	21,955,902	14,657,650	165,695,044	-	202,308,596	193,397,923
NET BOOK VALUE	33,228,595	21,272,975	13,825,288	184,739,249	7,369,934	260,436,041	252,433,364
NET BOOK VALUE (2017)	33,228,595	15,806,153	7,913,692	166,660,521	28,824,403		

CITY OF CAMPBELL RIVER
 FINANCIAL STATEMENTS
 CONSOLIDATED SCHEDULE OF SEGMENTED REPORTING
 For the Year Ended December 31, 2018

SCHEDULE 3
 (page 1 of 2)

	General Government		Protective Services		Transportation Services		Environmental Health Services		Public Health Services		Development Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE												
Taxes & parcel taxes (note 12)	30,896,375	29,784,436	-	-	337,799	176,574	-	-	-	-	73,689	68,636
Payments in lieu of taxes	716,817	695,387	-	-	-	-	-	-	-	-	-	-
Sale of services	321,545	455,289	1,923,153	1,910,819	2,715,606	2,915,901	2,377,319	2,358,340	52,989	82,008	1,661,363	1,443,848
Services provided to other governments	1,123,441	1,224,754	487,899	383,919	-	-	-	-	69,789	60,473	-	-
Transfers from other governments	2,078,350	858,588	379,099	380,250	3,486,883	1,777,620	15,285	54,500	-	-	-	-
Investment and other income	1,214,486	808,590	-	-	292	656	-	-	-	-	-	-
Other revenue	-	-	-	-	193,571	198,336	27,550	16,114	-	-	2,416	15,395
Development cost charges recognized	-	-	-	-	118,790	3,808	-	-	-	-	-	-
Contributed tangible capital assets	-	-	-	-	1,469,736	1,860,126	-	-	-	-	-	-
Loss on disposal of tangible capital assets	-	-	-	-	(56,772)	(3,157)	-	-	-	-	-	-
	36,351,014	33,827,044	2,790,151	2,674,988	8,265,905	6,929,864	2,420,154	2,428,954	122,778	142,481	1,737,468	1,527,879
EXPENSES												
Amortization	308,444	275,436	499,394	484,783	4,229,938	4,234,251	-	-	9,030	4,392	-	779
Interest & debt issue expenses	14,789	13,420	-	-	157,369	180,320	-	-	-	-	-	-
Operating expenses	911,761	1,244,789	8,761,543	8,382,929	5,237,117	5,550,577	2,503,981	2,367,409	37,723	32,553	1,285,321	976,349
Wages & benefits	5,525,567	5,509,541	7,311,332	6,729,436	2,375,722	2,238,491	100,136	97,930	102,022	124,124	941,260	852,717
	6,760,561	7,043,186	16,572,269	15,597,148	12,000,146	12,203,639	2,604,117	2,465,339	148,775	161,069	2,226,581	1,829,845
ANNUAL SURPLUS (DEFICIT)	29,590,453	26,783,858	(13,782,118)	(12,922,160)	(3,734,241)	(5,273,775)	(183,963)	(36,385)	(25,997)	(18,588)	(489,113)	(301,966)

See Note 15 for description of Segment Reporting categories.

CITY OF CAMPBELL RIVER
 FINANCIAL STATEMENTS
 CONSOLIDATED SCHEDULE OF SEGMENTED REPORTING
 For the Year Ended December 31, 2018

SCHEDULE 3
 (page 2 of 2)

	Parks, Recreation & Culture Services		Total General Government		Sewer Utility Services		Water Utility Services		Consolidated Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
REVENUE										
Taxes & parcel taxes	512,256	509,897	31,820,119	30,539,543	708,398	706,157	-	-	32,528,517	31,245,700
Payments in lieu of taxes	-	-	716,817	695,387	-	-	-	-	716,817	695,387
Sale of services	1,163,693	1,183,315	10,215,668	10,349,520	6,033,765	5,983,832	8,286,202	7,733,159	24,535,635	24,066,511
Services provided to other governments	-	-	1,681,129	1,669,146	-	-	-	-	1,681,129	1,669,146
Transfers from other governments	25,309	5,859	5,984,926	3,076,817	-	-	1,519	6,461,685	5,986,445	9,538,502
Investment and other income	-	-	1,214,778	809,246	188,822	134,244	132,579	94,193	1,536,179	1,037,683
Other revenue	39,116	16,787	262,653	246,632	-	3,000	-	-	262,653	249,632
Development cost charges recognized	-	-	118,790	3,808	34,044	39,535	-	-	152,834	43,343
Contributed tangible capital assets	-	-	1,469,736	1,860,126	1,478,564	390,392	401,727	449,374	3,350,027	2,699,892
Loss on disposal of tangible capital assets	-	-	(56,772)	(3,157)	-	-	(15,764)	(11,469)	(72,536)	(14,626)
	1,740,374	1,715,858	53,427,844	49,247,068	8,443,593	7,257,160	8,806,263	14,726,942	70,677,700	71,231,170
EXPENSES										
Amortization	1,540,118	1,450,169	6,586,924	6,449,810	1,260,373	1,281,693	1,534,317	1,171,707	9,381,614	8,903,210
Interest & debt issue expenses	-	-	172,158	193,740	39,004	34,628	209,295	73,279	420,457	301,647
Operating expenses	2,685,207	2,548,461	21,422,653	21,103,067	1,430,354	1,848,907	1,900,420	1,783,768	24,753,427	24,735,742
Wages & benefits	3,959,103	4,031,100	20,315,142	19,583,339	1,049,378	986,617	1,697,598	1,597,068	23,062,118	22,167,024
	8,184,428	8,029,730	48,496,877	47,329,956	3,779,109	4,151,845	5,341,630	4,625,822	57,617,616	56,107,623
ANNUAL SURPLUS (DEFICIT)	(6,444,054)	(6,313,872)	4,930,967	1,917,112	4,664,484	3,105,315	3,464,633	10,101,120	13,060,084	15,123,547

See Note 15 for description of Segment Reporting categories.